

**AGENDA ITEM I-3: LOCAL TAX ALLOCATION MATTERS: MEMORANDUM OPINION****DISCUSSION**

The purpose of this document is to provide comments for the memorandum opinions discussed in the matter of the petitions for reallocation of local tax under the uniform local sales and use tax law of Cities of Agoura Hills, et al. Case ID 469672. The item is scheduled to be considered by the Board on November 14 as item I-3 and we request consideration of the following:

First, on our understanding, both alternative memorandum opinions in this case contain problematic summaries of the law.

Alternative 1 overstates the requirements for issuing a permit while alternative 2 overstates those requirements and misstates the rule regarding when the actions of an agent are or will be attributed to its principal.

MUNISERVICES POSITION

1. Of the two problematic statements of the law, we see the misstatement of the agency-rule as more troubling. The agency-rule in Alternate 2 is important to local sales tax allocations because the Board's Staff have repeatedly taken the position that the test for having a place of business that is engaged in business in the state and having a place of business for local tax allocation purposes is the same test. It is unnecessary to address the scope of the agency rule in Revenue and Taxation Code 6203(c) to remedy the perceived uncertainty in the language in 1699(h).
2. While we still have concerns with the restrictive statement of the requirements for issuing a permit as stated in Alternate 1, we do not think this is the time or place to try and resolve those issues and will support Alternate 1 with that reservation.

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